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**BINGO GROUP HOLDINGS LIMITED**

**比高集團控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8220)**

**DISCLOSEABLE TRANSACTION:  
FORMATION OF A JOINT VENTURE COMPANY  
AND  
PROVISION OF FINANCIAL ASSISTANCE**

On 9 February 2018, Bingo Movie, a wholly owned subsidiary of the Company and Lechuang entered into the JV Agreement in relation to the formation of the JV Company. The issued share capital of the JV Company will be owned as to 49% by Bingo Movie and as to 51% by Lechuang. The JV Company will be principally engaged in investment and development of VR (Virtual Reality) and MR (Mixed Reality) projects.

Pursuant to the JV Agreement, within 90 days after formation of the JV Company, Bingo Movie will enter into of the Loan Agreement with the JV Company, pursuant to which Bingo Movie will advance the Loan of not less than HK\$25,000,000 and not more than HK\$35,000,000 to the JV Company for investment and development of relevant VR and MR projects.

As certain applicable percentage ratios in respect of the JV Agreement in aggregation with the Loan Agreement are more than 5% but all below 25%, the entering into of the JV Agreement and the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

## **FORMATION OF A JOINT VENTURE COMPANY**

The Board announces that on 9 February 2018, Bingo Movie, a wholly owned subsidiary of the Company and Lechuang entered into the JV Agreement in relation to the formation of the JV Company. The issued share capital of the JV Company will be owned as to 49% by Bingo Movie and as to 51% by Lechuang. The JV Company will be principally engaged in investment and development of VR (Virtual Reality) and MR (Mixed Reality) projects. Principal terms of the JV Agreement are set out below.

### **THE JV AGREEMENT**

**Date** : 9 February 2018

**Parties** : (i) Bingo Movie  
(ii) Lechuang

Bingo Movie is a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of the Company.

Lechuang is a company incorporated in Hong Kong with limited liability and is principally engaged in trading of VR equipment and has experience and expertise in development of VR and MR projects. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Lechuang and its ultimate beneficial owner(s) are Independent Third Parties.

### **Formation of the JV Company**

The JV Company will be a company incorporated in Hong Kong with limited liability and will be principally engaged in investment and development of VR (Virtual Reality) and MR (Mixed Reality) projects. The JV Company may not engage in other business without the consent of all its shareholders.

The proposed issued share capital of the JV Company shall comprise of 100 shares. Bingo Movie will subscribe for 49 shares in the share capital of the JV Company at the cash consideration of HK\$1 per share and Lechuang will subscribe for 51 shares in the share capital of the JV Company at the cash consideration of HK\$1 per share. Any further capital injection in the JV Company (other than the Loan Agreement) shall be made in proportion to the respective shareholdings of Bingo Movie and Lechuang in the JV Company.

Upon formation of the JV Company, the JV Company will be classified as an associate of the Company under applicable accounting standards.

### **Condition precedent**

The JV Agreement and the transactions contemplated thereunder shall be conditional upon the publication of this announcement by the Company in compliance with Chapter 19 of the GEM Listing Rules.

## **Board composition**

The board of directors of the JV Company will comprise of three directors, of which one director shall be nominated by Bingo Movie and two directors shall be nominated by Lechuang.

The quorum for board meeting of the JV Company shall be two directors, of which one shall be the director nominated by Bingo Movie and one shall be the director nominated by Lechuang.

## **Provision of Financial Assistance**

The JV Company shall utilise its internal fund. Save and except for the Loan Agreement, any financial assistance in the JV Company shall be made in proportion to the respective shareholdings of Bingo Movie and Lechuang in the JV Company.

Within 90 days upon formation of the JV Company, Bingo Movie shall enter into of the Loan Agreement with the JV Company. The Loan under the Loan Agreement shall be deposited in a designated bank account of the JV Company (the “Designated Bank Account”), of which Bingo Movie or its authorised representative shall be the signatory. For further details of the Loan Agreement, please refer to the section headed “The Loan Agreement” below.

## **Dividend Policy**

After full repayment of the Loan under the Loan Agreement, the JV Company shall declare dividend based on its distributable profits at least once year and the dividend to be declared shall be not less than 50% of the distributable profits of the JV Company for that financial year, unless Bingo Movie and Lechuang mutually agree other dividend proposals of the JV Company.

Bingo Movie and Lechuang shall be entitled to dividend to be declared by the JV Company in proportion of their respective shareholdings in the JV Company.

## **Rights of First Refusal**

Transfer of the shares in the JV Company shall be subject to the rights of first refusal of the shareholder(s) of the JV Company.

## THE LOAN AGREEMENT

**Date:** Within 90 days after formation of the JV Company

**Parties:** (1) Bingo Movie as lender  
(2) JV Company as borrower

Pursuant to the Loan Agreement, Bingo Movie will agree to advance the Loan of not less than HK\$25,000,000 and not more than HK\$35,000,000 to the JV Company for investment and development of relevant VR and MR projects (including those projects related to Lechuang) subject to and conditional upon the terms and conditions set out in the Loan Agreement.

**Loan Amount:** HK\$25,000,000 to HK\$35,000,000

**Interest:** Unless upon occurrence of an event of default, the interest rate of the Loan shall be equivalent to the deposit interest rate of the Designated Bank Account

**Term:** one year from the date of the Agreement

**Repayment:** The JV Company shall repay the principal amount of the Loan together with any outstanding interest accrued thereon on the due date of the Loan.

**Purpose:** The Loan will be utilized by the JV Company only for the purpose of investment and development of relevant VR and MR projects (including those projects being owned by Lechuang)

**Conditions:** The obligation of Bingo Movie to make the Loan under the Loan Agreement shall be subject to the fulfillment of the following conditions:

- (a) all necessary approvals, consents, authorizations and licenses in relation to the transactions contemplated under the Loan Agreement having been obtained;
- (b) all the warranties given by the JV Company under the Loan Agreement remains true and accurate in all respects; and
- (c) no event of default having occurred.

## **REASONS FOR THE JV AGREEMENT AND THE LOAN AGREEMENT**

The Group is principally engaged in cinema investment and management, movie production, licensing and derivatives, crossover marketing and provision of interactive contents.

The Company is seeking opportunities in order to increase the return to its Shareholders. The VR and MR industry is undergoing rapid development and the Company considers that there will be growth potential in investment of VR and MR projects. The formation of the JV Company will allow the Group to utilise its experience in provision of interactive contents with the expertise of Lechuang in developing VR and MR projects. The Company is optimistic as to the prospect of the JV Company.

The Directors consider that the making of the Loan under the Loan Agreement constitutes provision of financial assistance by the Group under the GEM Listing Rules. The Loan amount was determined after arm's length negotiations having taking into consideration of the investment sums in developing VR and MR projects. Taking into account of the future prospect of the JV Company, the Directors (including the independent non-executive Directors) consider that the entering into of the JV Agreement and the Loan Agreement and the terms and conditions of the JV Agreement and the Loan Agreement (including the Loan amount) are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As certain applicable percentage ratios in respect of the JV Agreement in aggregation with the Loan Agreement are more than 5% but all below 25%, the entering into of the JV Agreement and the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Bingo Movie”	Bingo Movie Development Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Bingo Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability the issued Shares of which are listed on GEM
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons in accordance with the GEM Listing Rules
“JV Agreement”	the joint venture agreement dated 9 February 2018 between Bingo Movie and Lechuang in relation to, among others, the formation of the JV Company
“JV Company”	the joint venture company to be formed by Bingo Movie and Lechuang in accordance with the JV Agreement
“Loan”	the loan to be advanced by Bingo Movie to the JV Company under the Loan Agreement
“Loan Agreement”	the loan agreement to be entered into between Bingo Movie and the JV Company
“Lechuang”	樂創控股(香港)有限公司 Lechuang Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.04 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board  
**Bingo Group Holdings Limited**  
**Lau Man Kit**  
*Executive Director*

Hong Kong, 9 February 2018

*As at the date of this announcement, the Board comprises Mr. Chiau Sing Chi, Ms. Chow Man Ki Kelly, Mr. Chan Cheong Yee and Mr. Lau Man Kit as executive Directors; Mrs. Chin Chow Chung Hang Roberta as non-executive Director; and Ms. Choi Mei Ping, Mr. Tsoi Chiu Yuk and Mr. Ong King Keung as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from its date of publication and on the website of the Company ([www.bingogroup.com.hk](http://www.bingogroup.com.hk))*